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IN THE

Supreme Court of the United States

OCTOBER TERM, 1960.

No. 727

THE SEVEN-UP COMPANY,
Petitioner,

vs.

THE O-SO GRAPE COMPANY, ET AL.,
Respondents.

BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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THE DARNELL-WARREN PRINTING COMPANY, CHICAGO

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To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

I.

OPINIONS BELOW.

While Petitioner-Plaintiff noted the Opinion of the Court of Appeals as being reported at 283 F. 2d 103, it failed to give the citation of the exhaustive opinion, dated September 30, 1959, of the District Court, reported at 177 Fed. Supp. 91 (Pl. App. 53-69); and which was adopted *haec verba* as finding of facts and conclusions of law (Pl. App. 97) in the Judgment dismissing the complaint herein.

II.

QUESTIONS PRESENTED.

Petitioner's questions for review do not squarely or fairly present the equitable premise on which the suit was dismissed, and which is more properly presented by the following question:

> Where, upon a verified uncontroverted factual showing, the trial Court held Petitioner's laches, if proved, was of such a protracted and aggravated character to the material prejudice of Respondents as to constitute an estoppel, and bar all relief, and Petitioner, thereafter, by its entered Offer of Judgment admitted such laches,—Was the Court justified in dismissing Petitioner's complaint?

III.

STATEMENT

Defendants' trademark "Bubble Up" was registered in the United States Patent Office on *April 12, 1921*, under Registration No. 141,244, for an unfermented, non-alcoholic, non-cereal, maltless beverage, for use as a soft drink. (Pl. App. 20.)

Plaintiff's trademark "Seven-Up" was registered approximately eight years later in the United States Patent Office on *February 5, 1929*, as No. 252,350, for the same type of product. (Pl. App. 6.)

Petitioner's "Statement" omits the history of its prior litigation against the trademark "Bubble Up". Respondents submit such history is essential to an understanding of the decisions below.

On August 16, 1943, Petitioner, The Seven-Up Company, brought suit in the United States District Court, Eastern

Judicial District of Missouri, Eastern Division, against Leroy O. Schneeberger, doing business as Bubble Up Company. Schneeberger was Respondent's predecessor in business and ownership of the trademark "Bubble Up". In that suit it was alleged, among other things, that the trademark "Bubble Up" infringed the trademark "Seven-Up"; that the defendant Schneeberger was palming off his goods as those of the Seven-Up Company; that the public was confused thereby; that an injunction should issue against Schneeberger from using the trademark "Bubble Up" or from otherwise infringing the trademark "Seven-Up"; from engaging in unfair competition and for an accounting of profits realized by Schneeberger; and, finally, that "Bubble Up" registrations, Nos. 354,840 and 141,244, be declared void and cancelled. (Pl. App. 25, 26.)

The defendant Schneeberger filed a full answer to said complaint of The Seven-Up Company and full issue was joined. This suit was dismissed and abandoned on March 13, 1946, by The Seven-Up Company. From that date until March 20, 1959, when this suit was filed (Pl. App. 4) no further suit was filed attacking the trademark "Bubble Up". (Pl. App. 26, 33-36.)

Prior to the said 1946 suit the Seven-Up Company on October 2, 1942, had brought suit in the same U. S. District Court of Missouri against the trademark "Cheer Up". This suit alleged infringement by the trademark "Cheer Up" of the trademark "Seven-Up" and prayed for an injunction against the use of the trademark "Cheer Up" and that its registration in the United States Patent Office be cancelled. Issue was joined in said litigation and the case was fully tried. On July 6, 1944, judgment was entered against the Petitioner, The Seven-Up Company. It thereupon appealed to the Court of Appeals for the Eighth Circuit, which affirmed the judgment of the District Court (148 Fed. (2) 909; cert. denied 326 U. S. 727, 90 L. Ed.

431). Thereupon, Petitioner, The Seven-Up Company, filed a petition asking permission to file a bill of review and to adduce supplemental evidence. This petition was denied by the District Court. Again, appeal was taken and again the decision of the District Court was affirmed (153 Fed. (2) 231, cert. denied 329 U. S. 17, 19 L. Ed. 622). (Pl. App. 24-25.)

On the same day, October 2, 1942, that The Seven-Up Company brought its suit against the trademark "Cheer Up" it brought a similar suit in the same court against the trademark "Natural Set Up", which it also later voluntarily dismissed. (Pl. App. 46.) It is apparent from this course of litigation that Petitioner, The Seven-Up Company, had at one and the same time during the period from 1942 to 1946 three suits for infringement pending in the United States District Court at St. Louis, Missouri, against the marks "Cheer Up", "Natural Set Up", and "Bubble Up", in none of which it was successful, and that, as said by the Court of Appeals in its opinion (Pet. p. 19):

> "After this series of reverses, Plaintiff voluntarily dismissed its suit against the then owner of the mark 'Bubble Up'."

In response to the complaint Defendants filed their verified answer in which they pleaded affirmatively the defense of estoppel by laches. (Pl. App. 23-33.) The facts constituting the foundation of this affirmative defense are set out at Plaintiff's Appendix, pages 24-29. No denial of these facts was made by Plaintiff.

Defendants next filed their motion, pursuant to Rule 42(b), Federal Rules of Civil Procedure, for a separate trial on the affirmative defense of estoppel by laches. This motion was supported by two detailed affidavits of Defendants' officers. (Pl. App. 34-52.) No denial nor counter-affidavits were filed by Plaintiff. The trial court granted

this motion and in so doing filed a full and exhaustive opinion setting out its reasons for the order. (See 177 Fed. Supp. 92; Pl. App. 53-69.) The trial court's primary reason, as disclosed repeatedly in its opinion, was that if the issue of estoppel by laches was decided adversely to Plaintiff, it would be dispositive of the entire case and put the litigation at rest.

Thereafter, this issue was set for trial on December 7, 1959. (Pl. App. 71.) Thirteen days prior to trial the Plaintiffs, pursuant to Rule 68, Federal Rules of Civil Procedure, tendered judgment to Defendants on the issue of laches. (Pl. App. 89-90.) Defendants accepted this offer. (Pl. App. 90.) On the same day the following judgment was entered against the plaintiffs:

> "It is hereby ordered, adjudged and decreed:
>
> "That judgment be and is hereby entered for Defendants and against Plaintiff on the separate issue of laches." (Pl. App. 91.)

Thereafter, Defendants, pursuant to Rule 12(c), Federal Rules of Civil Procedure, filed their motion for judgment on the pleadings. (Pl. App. 93-94.) Thereafter, the trial court granted the motion for judgment on the pleadings (Pl. App. 96-97), which judgment adopted *haec verba* the Court's Opinion of September 30, 1959 as its finding of facts and conclusions of law.

Myriad trademarks with both the suffix and prefix "UP" have been registered in the United States Patent Office and used in the exploitation of soft drinks. A partial list of such trademarks, their registration numbers, and dates of registration in the United States Patent Office, is appended hereto for the Court's information as "Appendix A".

IV.

ARGUMENT.

This case involves none of the elements specified in Rule 19 of this Court as reasons for the issuance of a Writ of Certiorari. On the contrary, there is involved only the application of the common law principle of estoppel by laches against a trademark owner admittedly guilty thereof through its offer of judgment on that issue and by its failure to deny a single fact as to its grossly inequitable conduct.

Faced with this Record situation Petitioner poses four self-constructed "Reasons for Granting the Writ." We answer them in order.

A.

The Decision Below Is Not in Conflict With Those of This Court or the Courts of Other Circuits.

Under this caption Petitioner argues that regardless of its past conduct, however prolonged and inexcusable such may have been, it is entitled to injunctive relief. This argument is fallacious for the following reasons:

First: Courts of Equity have repeatedly held in trademark cases that a plaintiff may be guilty of such grossly inexcusable conduct as to estop it from all relief.

Second: Here there is not of record so much as a suspicion of *facts* which "disclose either past or present deception of the public."

To support its first position Petitioner relies on *McLean* v. *Fleming*, 96 U. S. 245, and *Menendez* v. *Holt*, 128 U. S. 514.

McLean involved the proven infringement of the trademark "Dr. McLane's Liver Pills" by the mark "Dr. J. H. McLean's Universal Pills". This court affirmed an injunction for plaintiff, but *because of delay in bringing the suit* refused an accounting for damages, saying at page 253:

> "Equity courts will not, *in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear*, even though the delay may be such as to preclude the party from any right to an account for past profits." (Emphasis supplied.)

It is clear from the above language that this court was laying down a broad and general rule predicated upon mere "delay in seeking relief, where the proof of infringement is clear." Here, Petitioner by tendering judgment to Respondents voluntarily foreclosed itself from making any proof of infringement and, as held by the courts below, it is patently guilty of much more than mere delay in bringing suit. The court below found:

> "Laches does not necessarily constitute a conclusive and automatic bar to injunctive relief in trademark actions. However, in many instances, the delay may be so prolonged and inexcusable that it would be inequitable to permit the plaintiff to seek injunctive relief as to future activities.
>
> * * * 'Laches is an equitable doctrine not fixed by any unyielding measure, but to be determined in each case under its factual situation, and allowable "where the enforcement of the asserted right would work injustice."'
>
> In the case at bar, *much more than mere delay is present*. In the thirteen years following the dismissal of its suit charging 'Bubble Up' infringed its trademark, *plaintiff did more than merely acquiesce* in defendants' use of 'Bubble Up'. It would be highly inequitable to permit plaintiff at this late date to seriously damage, if not destroy, defendants' business by use of injunctive relief." (Pet., p. 21.) (Emphasis supplied.)

Eleven years after *McLean* this court decided *Menendez* v. *Holt*, 128 U. S. 514, and there sustained a decree refusing accounting but granted injunctive relief. This court was urged to reconsider its holding in *McLean*. In commenting on its earlier decision in *McLean* this court made it crystal clear that where facts constituting estoppel were present or where to grant an injunction would be inequitable, it would refuse to do so. Petitioner has carefully chosen to close its quotation from *Menendez* (Pet., p. 6) at a most convenient juncture, which omits the salient reason for this court's affirmance of injunctive relief (page 524):

> "At the same time, as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable diligence is applied, *and those who seek equity must do it*, a court might hesitate as to the measure of relief, where the use, by others, for a long period, *under assumed permission of the owner*, had largely enhanced the reputation of a particular brand.
>
> *But there is nothing here in the nature of an estoppel, nothing which renders it inequitable to arrest at this stage any further invasion of complainant's rights.*" (Emphasis supplied.)

Here, Respondents pleaded estoppel by laches as an affirmative defense. (Pl. App. 24.) This defense was necessarily admitted by Petitioner when, although forewarned by the District Court of the result of doing so, it tendered judgment on that issue. (Pl. App. 89-90.)

The Court of Appeals having found Petitioner guilty of "much more than mere delay" and of having done "more than merely acquiesce in Defendants' use of "Bubble Up", *McLean* and *Menendez* are transformed into clear authority for the judgment below because of the admitted grossly inequitable conduct of Petitioner.

In the later case of *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, this Court barred all relief after a twenty

year delay except to enjoin the defendant from using a label which was a Chinese copy of a label used by plaintiff marking an identical commodity.

Still later, in *French Republic* v. *Saratoga Vichy Co.*, 191 U. S. 427, this court denied all relief in a trademark case where the plaintiff had acquiesced for some thirty years in defendant's use of the word "Vichy" in marketing mineral water.

The Courts of Appeals have universally denied injunctive relief in trademark cases upon facts which would make it inequitable to do so. Such cases are *France Milling Co.* v. *Washburn-Crosby Co.*, 7 Fed. 2d 304 (C. A. 2); *Thomas J. Carroll & Son* v. *McIlvaine & Baldwin*, 183 Fed. 22 (C. A. 2); *Ducinell-Wright Co.* v. *White House Milk Co.*, 132 Fed. 2d 822 (C. A. 2); *Anheuser-Busch* v. *DuBois Brewing Co.*, 175 Fed. 2nd 370 (C. A. 3); *Valvoline Oil Co.* v. *Havoline Oil Co.*, 211 Fed. 189; and *Pflugh* v. *Eagle White Lead Co.*, 185 Fed. 769 (C. A. 3, 1911), wherein the court barred all relief and reversed the District Court which had granted injunctive relief, and wherein the court gave particular attention to this court's holding in *Menendez* and said at page 772:

> "We are not unmindful of *Menendez* v. *Holt*, 128 U. S. 524, 9 Sup. Ct. 143, 32 L. Ed. 526, and other cases cited in the opinion below, that mere failure to enforce trade-mark rights will not preclude injunctive relief when it is sought. But those were cases where, as said in *Menendez* v. *Holt*, *supra*, there was nothing 'in the nature of an estoppel, nothing which rendered it inequitable to arrest at this stage any further invasion of complainant's rights.' In this case there is. The complainant notified the respondents of its alleged rights; the respondents positively asserted their adverse rights; the complainant acquiesced in the respondents building up their trade under their label for 8 years without further objection; then complainant notified again and again, but respondents stood their

> ground and continued for 6 years more to build up their adverse trade-mark rights before the complainant again broke its silence by asserting an exclusive right by filing this bill.
>
> Under such facts it would, in our judgment, be inequitable to arrest at this stage the respondent's trade, and therefore the decree of the court below must be reversed, with costs."

It is here singularly appropriate to quote from the interesting and illuminating case of *Valvoline Oil Co. v. Havoline Oil Co.*, 211 Fed. 189 (D. C. S. D. N. Y.) at page 195, wherein Judge Mayer said:

> "But it can not be equitable for a well informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree, much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatable question."

Petitioner under its "Questions Presented" (Pet., p. 2) would thrust upon this court the question, whether in a trademark infringement action, laches summarily bars injunctive relief. This is a completely false issue. The District Court did not hold, the Court of Appeals did not hold, and Respondents do not contend that laches (mere delay) constitutes a summarily conclusive or automatic bar to injunctive relief in trademark infringement actions. What the District Court held, what the Court of Appeals and other courts have held, and what Respondents contend is simply this:

First. Laches which is prolonged and inexcusable and which operates to a defendant's material prejudice may be held in the sound discretion of a Court of Equity to be an estoppel and bar all relief.

Second. The burden of satisfactorily explaining such

aggravated laches devolves upon the plaintiff and such explanation is completely absent here.

Third. The extent of the application of the equitable doctrine of estoppel by laches is to be determined in the sound discretion of the Chancellor under the particular factual situation presented. See *Boris, et al.* v. *Hamilton Mfg. Co.*, 253 Fed. 2nd 526, 528, 529 (C. A. 7).

In conclusion upon this point, the application of the fundamental common law doctrine of estoppel by laches does not even remotely constitute a sufficient reason for calling forth the issuance of a writ of certiorari by this Court.

B.

Petitioner's Present Concern With the Public's Interest Against Trademark Deception Is a Self-Serving Posture.

On August 16, 1943, Petitioner brought suit in the United States District Court at St. Louis, Missouri, against the then owner of the trademark "Bubble Up" with allegations of infringement and invalidity almost identical with those alleged here. (Def. App. 11-18.) A full answer denying all material allegations was filed by Defendant and the case was at issue. (Def. App. 19-30.) On March 13, 1946, Petitioner voluntarily abandoned and dismissed this suit. (Pl. App. 26.)

A year earlier, in 1942, Petitioner here had brought suit in the District Court of the United States at St. Louis against the owner of the trademark "Cheer Up", alleging infringement and praying that the trademark "Cheer Up" be cancelled and its use enjoined. After full trial, "Cheer Up" was held not to infringe "Seven-Up" and the suit was ordered dismissed. Two appeals followed to the Court of Appeals for the 8th Circuit, both of which were adverse to the Petitioner here. Petitions in both appeals were

addressed to this Court for a Writ of Certiorari and were denied. (See *Seven-Up v. Cheer Up Sales Company, et al.*, 148 Fed. 2nd 909; cert. denied 326 U. S. 727; 90 L. Ed. 431. See also *Seven-Up Company v. Cheer Up Sales Company, et al.*, 153 Fed. 2nd 231, cert. denied 329 U. S. 717; 91 L. Ed. 622.) Despite the above record of judicial abandonment Petitioner assumes that the American buying public will be defrauded unless it is cloaked in Plaintiff's self-constructed mantle of protection.

Plaintiff in its St. Louis suits against "Cheer Up" sought to become the champion of the public. Such position was judicially repelled by five adverse decisions, one by the District Court after full trial, two by the Court of Appeals for the Eighth Circuit, and two by this Court.

If Plaintiff is serious in championing the public interest it is pertinent to ask why it did not champion the public interest in 1943 when it had the opportunity to do so in the District Court at St. Louis? It is pertinent to ask why it voluntarily dismissed that suit? It is also pertinent to ask why it waited over thirteen years since the dismissal of that suit to become conscious of the supposed need of the American buying public for its protection? It is pertinent to ask also how Petitioner, in reason, logic, or justice, can take its supposed protective position in the light of the fact that it adopted its trademark "Seven-Up" eight years following the registration of Respondents' trademark "Bubble Up"? It is pertinent to ask, if there be public confusion or deception, which Respondents emphatically deny, whether such confusion has not more logically been caused by Petitioner's having adopted a trademark containing the suffix "Up" at a time when Respondents' trademark had been previously registered?

The cases cited by Petitioner (Pet., p. 11) were all decided upon the particular facts before the Court in those cases. Respondents know of no court which, upon facts

even remotely similar to those here, has placed the public protection against confusion in the hands of the party who caused it.

This point again is self-constructed by Petitioner and has no relationship to the stated reasons of this court for its granting of the Writ of Certiorari.

C.

The Court Below Did Not Affect or Diminish the Provisions of Rule 68 of the Rules of Civil Procedure.

When the District Court granted Respondents' motion for a separate trial on the issue of estopped by laches it filed an exhaustive and detailed Memorandum Opinion (177 Fed. Supp. 91 Pl. App. 53-69), in which it advised Petitioner repeatedly and emphatically that if the issue of estopped by laches were determined in Respondents' favor, it would be dispositive of all issues and place this litigation at rest. Despite being so forewarned, Petitioner nevertheless tendered to Respondents a judgment on the very issues which the Court had said would dispose of this case (Pl. App. 89-90). This offer was accepted and, as heretofore related, resulted in a judgment of dismissal of the complaint upon Respondents' motion. Petitioner's tenuous argument is a mere complaint that the courts below made public the admitted facts as to Petitioner's inequitable conduct, which, in turn, compelled the finding and judgment of estoppel by laches and acquiescence.

Petitioner conveniently refuses to recognize that the issue upon which it tendered judgment was the issue *created by Respondents' pleading* of the affirmative defense of estoppel by laches. Petitioner would here restrict Respondents' affirmative defense to laches alone

(mere delay). It would erase from Respondents' affirmative defense the resulting "estoppel".

In effect, Petitioner's argument is that even though the District Court, by reason of Petitioner's offer of judgment and acceptance, had found against Petitioner on a defense which disposed of the entire cause of action, nevertheless Petitioner was entitled to a long, protracted, and expensive trial as to other segments of the case. Petitioner would fragmentize the entire case. These fragments would be "estoppel by laches", "confusion of the public", "unfair competition", "infringement", "cancellation of respondents' trademark", "injunctive relief", and "accounting". Having thus fragmentized the case, it seeks to take the position here and sought to do in the Court of Appeals, that irrespective of the disposal of a dispositive fragment in Respondents' favor, it nevertheless is entitled to a full trial upon the other fragments. It would thus wipe out the purpose, operation, and effect of Rule 68.

All facts appearing of record on the issue of estoppel by laches are those presented by Respondents. They were verified and Petitioner had every opportunity to deny them in counter affidavits or by responsive pleadings. It did neither. The facts thereupon became admitted and it is upon these facts that the District Court and the Court of Appeals labeled Petitioner's odious conduct as prolonged and inexcusable and much more than mere delay.

Petitioner argues (Pet. 15) that the provisions of Rule 68, Federal Rules of Civil Procedure, were designed to facilitate the expeditious disposition of issues. The position it takes here would do exactly the reverse. Petitioner's offer of judgment and its acceptance by Respondent did facilitate and expedite the District Court's action. Petitioner now, despite its voluntary confession of judgment on a determinative issue would have this cause returned

to the District Court for trial upon the residual elements of the litigation. Such procedure would most assuredly not be consistent with what it now argues is the beneficent purpose of Rule 68.

In Petitioner's entire argument on this point (Pet., 13-15) it does not cite a single authority. The argument is of whole cloth and is evidence of Petitioner's untenable situation.

There is nothing in this point which should merit the attention of this Court.

D.

The Statutory Right of Incontestability Afforded by the United States Trademark Act Is Not Affected by the Decision Below.

It is not surprising that the Court of Appeals did not touch upon this contention in its opinion. It has no merit. It was not raised nor passed upon in the trial court.

A mere reading of 15 U. S. C. A. 1115(b) discloses that the scope and purpose of the Statute is to grant to the registrant of an incontestable mark immunity from all attacks except those specifically enumerated in the Statute. See "Developments in the Law, Trademarks and Unfair Competition", *Harvard Law Review* Vol. 68, No. 5, March, 1955, pp. 829-831.

No attack is or has been made upon Petitioner's mark in this litigation. The scope and reach of the Statute has no application in this situation.

Petitioner in support of this point cites *Apple Growers Ass'n* v. *Pelletti Fruit Co.*, 153 Fed. Supp. 948, 951 (D. C. Cal. 1957). The language quoted from that opinion plainly is *obiter dictum*.

A later exactly opposite result was reached by Judge

Rafiel in *Polaroid Corp. v. Polarad Electronics Corp.*, 182 Fed. Supp. 350, 356 (D. C. E. D. N. Y., March 29, 1960) affd. 128 U. S. P. Q. 411 (C. A. 2, Feb. 28, 1961):

> "The plaintiff contends that its right to Registration No. 540,179 has become incontestable under Section 1065 of Title 15, United States Code, and, hence, that under Section 1115 of said Title laches is not available as a defense to plaintiff's claim of infringement thereof. I think its contention is without merit since its claim comes within the exceptions provided in Section 1065, *supra*."

If Petitioner felt this point to be sound, why did it not file a motion to strike Respondents' affirmative defenses in the trial court? *Why*, if estoppel by laches is not a defense *did Petitioner tender judgment on that issue?* By recognizing that defense in the trial court it has waived all right to take its present position here.

To illustrate the complete inconsistency of Petitioner's position it becomes at once apparent that if this ground has merit, there is obviously no purpose to be served by Petitioner's arguments under "A", "B" and "C" at pages 5, 11, and 13 of its Petition, nor is there any reason to present Questions "A", "B", and "C" set forth at page 2 of the Petition. The positions taken by Petitioner here are mutually destructive. It argues at one and the same time the effect of its tendering judgment on the issue of laches and with pointed inconsistency that laches is no defense at all.

This point is further evidence of Petitioner's desperation. Not having pleaded or argued it in the trial court, it deserves no consideration here.

CONCLUSION

Petitioner has twice brought suit against the trademark "Bubble Up". It voluntarily elected to try neither. The first suit was voluntarily abandoned and dismissed. The second suit, the case at bar, was effectually abandoned by Petitioner's tender of judgment on the issue of estoppel by laches. It was under no compulsion to make its offer to Respondents. The case had been set for trial. It had the opportunity, if it desired to do so, to fully try the issue of its own inexcusable and prejudical conduct over the years. Petitioner has brought cancellation proceedings against Respondents in the United States Patent Office. All of these proceedings have been publicized to the Trade. Petitioner has threatened bottlers and bottle manufacturers. (Def. App. 7, 30.) It has never by voice or pen notified Respondents that their trademark was invalid. (Def. App. 35.) This thought never occurred to Petitioner. (Def. App. 36.) Its persistent, yet unproven, charge of confusion is destroyed by its own President, who blandly admitted that if there was confusion, it is basically the same today as it was eighteen years ago when Petitioner started its St. Louis suit against the then owner of the mark "Bubble Up". (Def. App. 36.) Petitioner's Vice President readily admitted that at the time this suit was started Petitioner did not have available any evidence of confusion. (Def. App. 38.)

Petitioner chose to adopt the trademark "Seven Up" in the face of the prior registration of "Bubble Up". It has seen the soft drink "Seven Up" and "Bubble Up" side by side in the open market for over twenty years. It has during this period viewed all of the local and national advertising of "Bubble Up". It has agreed and acquiesced in its use and growth. It has posed as a friendly competitor and correspondent. (Def. App. 2, 3, 4, 6, 8, 30.)

With this background of not once having claimed confusion, deception, infringement or trademark invalidity, Petitioner yet appears today in a court of equity asking that by its decree Respondents' business be wiped out by "injunctive relief". It would destroy the vast investments and many jobs of Respondents, their shareholders, bottlers, and employees. Its silence over two decades has been aggravated and unconscionable. It has materially prejudiced Respondents to the point of making defense well nigh impossible. Evidence has been lost in antiquity. (Def. App. 38.) Petitioner's silence in the past has been self-imposed. It has now been judicially imposed.

It is respectfully submitted that the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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APPENDIX A

Existing United States Trademark Registrations for Non-Alcoholic Beverages Including the Word or Syllable "Up", Excluding Registrations of "Bubble Up" and "7 Up" (or "Seven Up").

Reg. No.	Trademark	Registered
321,841	WAKE-UP	Feb. 19, 1935 (Renewed)
321,927	GET-UP	Feb. 19, 1935 (Renewed)
340,854	PICK UPPER	Nov. 24, 1936 (Renewed)[1]
340,920	CHEER UP	Nov. 24, 1936 (Renewed)[1]
341,558	NATURAL SET UP	Dec. 15, 1936 (Renewed)
341,700	TEE-UP	Dec. 22, 1936 (Renewed)
348,089	ACES UP	Aug. 3, 1937 (Renewed)
357,895	WISE-UP	June 21, 1938 (Renewed)[1]
359,083	HEADS UP HIT-KING OF	Aug. 2, 1938 (Renewed)
362,879	UP DRINKS	Dec. 6, 1938 (Renewed)
363,901	SAILS UP	Jan. 10, 1939 (Renewed)
366,652	UP & UP	Apr. 25, 1939 (Renewed)[1]
370,184	TONE UP	Aug. 22, 1939 (Renewed)[1]
381,173	LEMON UP	Sept. 17, 1940 (Renewed)
383,059	UPPER HO	Nov. 19, 1940 (Renewed)
387,920	FOAM-UP	June 3, 1941
504,531	FRESH UP	Dec. 7, 1948[1]
574,487	PIC-ME-UP	May 19, 1953[1]
613,686	GET UP	Oct. 4, 1955
617,562	CHEER UP	Dec. 13, 1955
626,310	SHAKE-UP	May 1, 1956
652,805	WISE UP	Oct. 8, 1957
693,275	MUGS UP	Feb. 16, 1960
695,751	BOTTOMS UP	Apr. 5, 1960

1 Sec. 15 Affidavit Filed. Registration Incontestable

Supreme Court of the United States

No. 727

PETITIONER'S REPLY TO RESPONDENT'S BRIEF

IN THE

Supreme Court of the United States

OCTOBER TERM, 1960.

No. 727.

THE SEVEN-UP COMPANY,
Petitioner.

vs.

THE O-SO GRAPE COMPANY, ET AL.,
Respondent.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF.

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

I.

OPINIONS BELOW.

Since the interlocutory decision of the District Court below, ordering a separate trial on the issue of laches and reported at 177 F. Supp. 91 (Plfs. A. 53-69), was neither appealable nor appealed from, it was not listed in plaintiff's Petition for Certiorari under the heading, "Opinions Below." (Petition, p. 1.)

II.

QUESTIONS PRESENTED.

Defendants' Brief, at page 2, frames what it claims is the only question presented herein. Defendants' framing, however, entirely begs even that one question, for it postu-

fates that plaintiff's offer of judgment admitted laches *of such a protracted and aggravated character as to constitute an estoppel.*

III.

STATEMENT.

Most of defendants' Brief is a rhetorical argument of fact questions either not of record or rendered moot by plaintiff's accepted offer of judgment on the separate issue of laches. Defendants' Statement (Br., pp. 2-5) leaves the impression that defendants' rights in the accused mark and registration are prior to those of plaintiff. Were this so, of course, defendants would have counterclaimed on the ground of priority. But the fact is that use of the accused mark was abandoned for many years by defendants' predecessor prior to defendants' acquisition of the naked registration.

Defendants have attached as an "Appendix A" to their Brief (p. 19) an irrelevant list of trademark registrations some of which belong to plaintiff, some of which have been admittedly abandoned and some of which are currently involved in litigation with plaintiff. Moreover, the list is wholly outside the record and was not before either of the courts below.

IV.

CONFLICT.

That portion of defendants' Brief which seems actually directed to the merits of plaintiff's Petition corroborates rather than refutes plaintiff's arguments that the decision below conflicts with those of this Court and the other Circuits holding that laches does not summarily bar injunctive relief in trademark cases. For example, defendants concede that in trademark and unfair competition

cases laches will not summarily bar injunctive relief. At page 7 of their Brief they quote and emphasize the language of this Court in *McLean* v. *Fleming*, 16 U. S. 245, 253 (1877), to this effect; and, at page 10 of their Brief, they state:

> "The District Court did not hold, and Respondents do not contend that laches (mere delay) constitutes a summarily conclusive or automatic bar to injunctive relief in trademark infringement actions."

Yet, plainly the Court below has held that plaintiff's accepted offer of judgment on laches in favor of defendants constitutes a summarily conclusive or automatic bar to the injunctive relief to which plaintiff seeks to show by trial that it is entitled. Plaintiff admitted laches and nothing else, but was summarily barred from trial of the issues of deliberate, continuing public deception. Thus, defendants and the Court below (Opin., Pet., App. A., p. 21) in effect agree that laches does not summarily bar injunctive relief in trademark cases—*except in this trademark case.*

V.

PUBLIC INTEREST.

Defendants have not controverted plaintiff's contention that the decision below conflicts with those of the other Circuits holding that the Courts have a duty to protect the public against trademark deception. Defendants have merely argued the untried fact issue of deception by claiming that such deception does not exist. No trial of this issue has been permitted, however, and it is such a trial that plaintiff sought and was summarily denied by both courts below on the ground that laches disposed of the case, despite the conflicting law of the decisions of this Court and of the other Circuits. (Petition, pp. 11-12.)

VI.

RULE 68, FED. R. CIV. P.

Defendants similarly fail to respond to plaintiff's argument that the decision below varies the terms of plaintiff's offered and accepted judgment on laches and thereby materially diminishes the beneficent provisions of Rule 68, Fed. R. Civ. P. They claim at page 14 of their Brief that plaintiff admitted all the facts defendants claimed in seeking a separate trial on laches:

> "The facts thereupon become admitted and it is upon these facts that the District Court and the Court of Appeals labeled Petitioner's odious conduct as prolonged and inexcusable and much more than mere delay."

But plaintiff, by the terms of its offered and accepted judgment under Rule 68, Fed. R. Civ. P., admitted *only laches*. (Plfs. A., p. 91.) In finding plaintiff guilty of prolonged and inexcusable conduct amounting to much more than mere delay, the Court below necessarily varied the terms of plaintiff's offered and accepted judgment and thereby emasculated beneficent provisions of Rule 68, Fed. R. Civ. P. (Pet., pp. 13-15.)

VII.

INCONTESTABILITY, 15 U. S. C. 1115(b).

Defendants contend that the incontestability of plaintiff's federal trademark registrations merely affords immunity from attack (Brief, p. 15) rather than precludes defendants from asserting the defense of laches respecting the injunctive relief plaintiff seeks. As authority for this proposition, they cite, "Developments in the Law, Trademarks and Unfair Competition," 68 Harv. L. Rev. 813 (1955) at pp. 829-831. It is noteworthy, however, that the article specifically states at page 830 that the defenses

enumerated in the statute may have been meant to be exclusive respecting the registrant's exclusive right to use, and that "it is unclear whether equitable defenses not here specifically provided for, such as unclean hands, would not still be available." The article also discusses, at pages 829-830, the fact that Section 33(b) (15 U. S. C. 1115(b)) of the Trademark Act affords the registrant not only the incontestable right to be free from attack respecting his own use of the mark, but also the incontestable right to the *exclusive* use of the mark—that is, the incontestable affirmative right to prevent use by another.

Defendants' only arguments respecting incontestability are that (1) plaintiff should have raised the point in the trial court rather than in the Court below where it was fully briefed; (2) that the language in *Apple Growers Assn.* v. *Peltetti Fruit Co.*, 153 F. Supp. 948, 951 (D. C. Cal. 1957), is *obiter dictum*, which it plainly is not; and; (3) that in *Polaroid Corp.* v. *Polaroid Electronics Corp.*, 182 F. Supp. 350, 356 (D. C. N. Y. 1960), aff'd without reference to the question, F. 2d (2d Cir. 1961), 128 USPQ 411, the court reached an opposite result. As was discussed in plaintiff's Petition (p. 16, footnote 1), however, in the *Polaroid* case it is clear that the District Judge misread the statute when he stated that laches came within the exceptions provided in Section 1065 of the Trademark Act (15 U. S. C.). No such exception appears in Section 1065, or elsewhere. Thus defendants' authorities confirm the conflict and unsettled law plaintiff asserts in its Petition.

VIII.

CONCLUSION.

Defendants' "Conclusion" to their Brief (pp. 17-18) is an argument of the merits of a trial that has never occurred and which plaintiff has been summarily denied below despite the conflict thus engendered with the decisions of this Court and those of the other Circuit Courts of Appeal.

As set forth in its Petition, plaintiff believes that the decision below is both in error and in conflict, and that implicit therein are important questions of federal law deserving consideration and settlement by this Court. Defendants' Brief largely confirms plaintiff's contentions.

Respectfully submitted,

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